

Message Text

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PAGE 01 LA PAZ 02254 182037 Z

61

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 DODE-00 PM-09 H-02 L-03 NSC-10

PA-03 PRS-01 SS-15 USIA-12 RSR-01 CU-04 NIC-01 /152 W

----- 105081

R 181254 Z APR 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9622

INFO USCINCSO

UNCLAS LA PAZ 2254

USCINCSO FOR POLAD

E. O. 11652: N/ A

TAGS: E AD ECON BL

SUBJ: WIDE- SPREAD REACTION TO PRICE RISES

REF: LA PAZ 2156

1. RECENT AND CONTINUED INCREASE IN COST OF BASIC NECESSITIES, PRIMARILY FOOD ITEMS, HAS EVOKED WIDE- SPREAD PROTEST BY LABOR AND POPULAR SECTORS. MOST LABOR ORGANIZATIONS HAVE DEMANDED IMMEDIATE GOB ACTION TO HALT PRICE SPIRAL, AND SOME HAVE DECLARED THEMSELVES IN " STATE OF EMERGENCS" UNTIL REMEDIAL ACTION TAKEN. BOTH LA PAZ UNIVERSITY AND SECONDARS SCHOOL STUDENT FEDERATIONS HAVE ALSO DECLARED THEMSELVES IN STATE OF EMERGENCY IN FACE OF INFLATIONARS IRICE INCREASES. PRIVATE SECTOR ORIENTED ULTIMA HORA OF APRIL JUY HEADLINED INFLATIONARY TENDENCIES, CALLING THE SITUATION " VERY GRACE", WITH AN " UNCONTROLLABLE INCREASE IN PRICES". IT STATED THAT ON THE BASIS OF A STUDY (SOURCE NOT GIVEN) BASIC FOOD ITEMS INCREASED '70 PERCENT,

HOUSING INCREASED '40 PERCENT AND TRANSPORTATION COSTS INCREASED

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BETWEEN 35 AND 180 PERCENT SINCE THE OCTOBER 1972(DEVALUATION, WITH MOST RAPID INCREASES OCCURRING DURING THE PAST THREE WEEKS.

2. COMMENT: HOW RAPIDLY PRICES ARE RISING IS DEBATEABLE, AND QUITE POSSIBLY EXAGGERATED IN NEWS ARTICLES; ((OUR VIEW IN REFTEL) HOWEVER, ORGANIZED LABOR AND GENERAL PUBLIC REACTION TO THE INCREASES IS CREATING A SERIOUS POLITICAL PROBLEM FOR THE GOVERNMENT. THERE IS A STRONG POSSIBILITY THAT DISRUPTING PUBLIC DEMONSTRATIONS WILL OCCUR UNLESS POSITIVE AND URGENT STEPS ARE TAKEN BY THE GOB TO CONTROL PRICES. BREWIN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
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EO Systematic Review
30 JUN 2005

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